

**COMMITTEE ON ACCOUNTS, ENROLLMENT
AND REVENUE ADMINISTRATION**

July 10, 2001

5:30 PM

Chairman Hirschmann called the meeting to order.

The Clerk called the roll.

Present: Aldermen Hirschmann, Levasseur, Pinard, Thibault and Lopez

Messrs: K. Buckley, K. Clougherty, S. Tellier, H. Tawney, K. Dillon,
J. Shaffer, S. Wickens

Chairman Hirschmann addressed Item 3 of the agenda:

Communication from the City Clerk requesting that the 65 mile radius allowed by the City's Travel and Conference Policies and Procedures for overnight stays be waived in order for Deputy City Clerk Johnson to attend the NH City & Town Clerks Association Annual Conference scheduled to be held from September 11-14, 2001 at the Sheraton Tara Hotel in Nashua, NH.

On motion of Alderman Lopez, duly seconded by Alderman Pinard, it was voted to approve this request.

Chairman Hirschmann stated just for the record, this is a very important conference for the Clerks. I guess they have previously held that at the Balsams and the Clerk has stayed overnight.

Chairman Hirschmann addressed Item 4 of the agenda:

Communication from Kevin Buckley, Internal Audit Manager, submitting an audit status update.

Alderman Lopez stated I think it is an excellent report and I have a couple of questions for the auditor. In reading this, I understand there were about 2,000 permits issued and he made a selection of only 45. Is that common in doing an audit? What is the percentage that is normal?

Mr. Buckley replied a large sample for an audit, especially with a population of this size, is 60. The internal controls were fairly tight from when I did my initial

evaluation so I cut the size back. I designed my sample so that I focused on the areas where if there was going to be a problem I was fairly sure I would find it. The second sample I pulled once I did find the one area, I even focused it further to hit areas that I was almost sure I would find a problem if it was there and I didn't find any.

Alderman Lopez asked when you are doing this type of audit and the Board of Assessors give the evaluation on the permit, are you looking at the actual permit or is there a complete roster indicating X number of homes and what was done to those homes.

Mr. Buckley answered I start by pulling the permit and then when I am going through the permits I am rejecting the ones that clearly are not going to be looked at or things that clearly don't have anything to do with revaluation. Any gray areas subject to my sampling, anything like in the case of a garage that would definitely affect the value, I gave it a chance to be picked in the sample. I was able to not allow many that I was sure would not cause any change in the valuation.

Alderman Lopez asked when you did this you only did FY00. You didn't go back to FY98 or FY99?

Mr. Buckley answered that is correct. I just wanted to see how things were working now. That is the most recent valuation. I wanted to make sure that things were working now. There was a problem found in the past and I wanted to make sure it was corrected.

Alderman Thibault asked in your audit did you find anything that you felt was not properly done or assessed properly.

Mr. Buckley answered other than the one that was assessed properly but just did not make it into the HTE system properly, I found no problems at all.

Mr. Clougherty stated just to comment on that, we are not the Assessors. We didn't go out and look at values. We just looked at procedures and how you process the accounting and stuff like that.

Alderman Thibault replied that is what my question was. Has there been any problem in that?

Mr. Clougherty stated that is really why you do your revaluation periodically. That is the outside audit that reviews all of those values. We wouldn't profess to be...I don't think Kevin went in and said this property is over valued or under

valued. We were just looking at what the permitting process was and was everything getting picked up in the system.

Alderman Thibault asked and there has been no problem in that.

Mr. Clougherty answered no.

Alderman Lopez asked in the report from the Assessor's, who is going to be responsible to make sure that the HTE system and everything is going to be on line.

Mr. Buckley answered as I understand it right now the Assessor's Office is working with HTE to develop a system that will get the two separate systems to talk to each other. Once you do that you will be able to compare the two to insure that everything entered into one system has been properly transferred to the other.

Alderman Lopez asked did they give you a timeframe.

Mr. Buckley answered I think you will have to talk to the Assessor.

Mr. Tellier stated with respect to the HTE interface, this has been ongoing for a couple of months now. We are at the final stages of implementation. I just learned today from Information Systems, who is our chief resource in establishing this interface, that we are expecting to go live possibly at the end of this month. That is a timely timeframe to provide testing in time for the fall bills so we are all set with respect to that.

Chairman Hirschmann stated for the record, could you tell the Committee when the Building Department closes out a building project when do you pick up the value.

Mr. Tellier replied we pick up the value no matter what as of April 1 because that is the tax year in the State of New Hampshire. That is the same whether it is Dixville Notch or Manchester or Nashua. That timeframe is established by state statute. If a building is partially complete as of April 1, which came out in previous meetings with this Committee, we value it as of its present state as of April 1. If it is incomplete, then it is partially assessed and then we pick up the remaining full value for the following tax year.

Chairman Hirschmann responded I understand the April ramifications but what I was getting at was does it happen daily, weekly, monthly that the close outs come to the Assessor's Office.

Mr. Tellier stated actually it is almost seasonally because the window of construction in the State of New Hampshire is predominantly in the milder climates. There isn't an awful lot of construction in the winter. It is more compressed in the spring, summer and fall. We get all of our permits and we gear up in the very early spring to go out into the field and review all of this stuff and then we determine what is out there as of the April 1 date.

Chairman Hirschmann asked wouldn't it be easier as things are closed out building wise, as a permit is closed out and accepted, that you pick up the value within a short period of time rather than waiting six months.

Mr. Tellier answered we are looking at that as well, Alderman, but quite frankly sometimes you will have a home that is 90% to 99% complete and it will be quite a period of time before it is issued a certificate of occupancy but for valuation purposes it is almost complete and that is what we are concerned with for the assessment. We are looking at that.

Chairman Hirschmann asked do you have confidence in the tracking system.

Mr. Tellier answered yes I do and we are very grateful to the internal auditor who did a fine job. He gave us a couple of suggestions as to some additional checks and balances that we are looking at implementing and it was a pleasure working with him.

On motion of Alderman Lopez, duly seconded by Alderman Pinard, it was voted to accept the audit report.

Chairman Hirschmann addressed item 5 of the agenda:

Communication from Guy Beloin, Financial Analyst II, submitting monthly financial statements (revenues only) for the year ended June 30, 2001.

On motion of Alderman Lopez, duly seconded by Alderman Pinard, it was voted to accept the financial statements.

Chairman Hirschmann stated you will notice that we did make our revenue number and whoever said we weren't going to make it was wrong.

Chairman Hirschmann addressed Item 6 of the agenda:

Communication from Sharon Wickens, Financial Analyst II, submitting the

4th Quarter write off list for the Accounts Receivable module and requesting authorization to write these receivables off for FY01.

Mr. Clougherty stated Sharon is taking over what Jennifer used to do. We have a change to item 6. There has been a payment on one of the items. It is an internal department change from CIP to HR and it amounts to \$1,321.22. It is applied against the \$8,698 that is outstanding so that would reduce it to about \$7,377. That number would now be \$7,377.09. We will make an updated run for the Committee and provide that to you.

Chairman Hirschmann asked Deputy Solicitor Arnold, are you still working on The Cage or should we work on this.

Deputy Solicitor Arnold stated The Cage has been to court as I think I have told you before. I originally brought suit against three entities. I brought it against BTB Brewing, which owned The Cage.

Chairman Hirschmann asked are we all done with that.

Deputy Solicitor Arnold answered it is all done. Basically this corporation is assetless and we are never going to collect the money.

Alderman Lopez asked, Sharon, on the CIP line item could you explain that a little bit more. Why are you writing it off?

Chairman Hirschmann stated we are carrying that.

Alderman Lopez asked you want to drop it though, right.

Ms. Wickens answered the \$7,377.09 is a bill that dates back to FY00. HR has not been able to provide back up to CIP for that dollar amount so CIP is refusing payment at this time.

Chairman Hirschmann asked what is it for.

Ms. Wickens answered it is for salaries for Maureen Slagle.

Mr. Clougherty stated this is for the ADA. It is a grant and my understanding is that there was going to be so much...

Chairman Hirschmann interjected how can we write this off. It is someone's salary.

Mr. Clougherty replied I don't disagree.

Chairman Hirschmann stated then we are not going to write it off.

Alderman Lopez stated that is my point.

Mr. Clougherty stated but what has to happen here is when the budget was set-up they said so much is going to be in the general fund and so much is going to be in the grant and we have to show documentation that the activities for the grant were there. The grant has expired and has been completed. You can't charge anything else against that so the salary expense now has to be paid by the City.

Chairman Hirschmann stated so if the two departments cannot find the problem should we send Kevin Buckley in there.

Mr. Clougherty replied Kevin would go in and tell you basically that this amount of salary has to be covered. Now that is part of what we were saying before in the line item for the department is the request to cover that on the general fund side by moving some of those dollars to cover that from the non-departmental restricted line.

Chairman Hirschmann stated whoever sent that to this Committee, I am upset that it is even here to be honest with you. That shouldn't be here.

Mr. Clougherty replied I agree that we shouldn't get to that but I also would hope that the Board would agree that we have to report it to you and that is the mechanism for doing it.

Alderman Lopez asked even though the grant was cancelled...

Mr. Clougherty interjected it wasn't cancelled, it just expired.

Alderman Lopez stated well the obligation of those salaries was made somewhere along the line for CIP to pay that for the ADA person.

Mr. Clougherty replied maybe what we could do for the next meeting, Alderman, is bring you in the detail so you can see what the grant was and how the budgets were set-up and what the charges were.

Alderman Lopez responded I don't want to cause you any extra work but let me ask you this, if the obligation was made by CIP to pay those funds and the grant expired, wouldn't they still have to pay it.

Mr. Clougherty answered I don't think the ownness is on CIP. CIP can only pay eligible costs within the terms of the grant and the timetable of the grant from my understanding.

Ms. Wickens stated HR can't prove the other amount of money. They have no back up.

Mr. Clougherty stated right there is no back up that they can give to CIP for that \$7,000 and we have asked them for that.

Mr. Tawney stated we have to back-up as far as showing the hours worked and so forth. What the problem is is at the time CIP did not issue a start-up sheet and they had agreed to pay 75% of the cost of the ADA person. Now I can find notes in the margins of documents saying that it was 75%, but I have nothing signed by CIP saying that was the number they have agreed to. They looked through their files and they don't have anything either.

Chairman Hirschmann asked who is the CIP Administrator. Is that Max Sink?

Mr. Clougherty answered it is Sam Maranto. We can't authorize if we don't have the documentation and we have to rely on CIP.

Chairman Hirschmann asked should we move the rest of the write-offs and have Sam Maranto come and talk to us at the next meeting.

On motion of Alderman Pinard, duly seconded by Alderman Thibault, it was voted to approve the accounts receivable write-offs with the exception of the CIP line item in the amount of \$8,698.31.

Alderman Thibault asked regarding The Cage, why do we get caught in these situations. Why can't we have these people pay ahead of time?

Chairman Hirschmann replied that is a good question. I thought we asked the Solicitor for a policy with regard to that.

Deputy Solicitor Arnold stated that policy has already been presented and approved.

Chairman Hirschmann asked through Administration or the Board.

Deputy Solicitor Arnold answered I believe it came through here. I know there was a policy presented. I worked with Paul Beaudoin over at the Police Department to close that loop.

Alderman Thibault asked so now they have to pay in advance.

Deputy Solicitor Arnold answered with certain limited exceptions, yes. There are...as I recall most are going to pay up front but where the officer I guess deems that there is adequate protection they can pay 30 days behind unless they become behind in payments and then they have to pay up front.

Alderman Thibault stated if you look at this, after the event they can't pay.

Deputy Solicitor Arnold replied this type of company under the policy would have to pay up front.

Clerk Bernier asked who would you like invited to the next meeting to address the CIP line item.

Chairman Hirschmann answered maybe we should have Bob MacKenzie come in and then it can go downhill from there.

Mr. Clougherty stated I just want to remind you that one of the things that you approved for us to look at was the CIP projects with Kevin Buckley and he just reminded me that he will look at that project to so the next meeting he will have some factual information for you.

Chairman Hirschmann addressed Item 7 of the agenda:

Communication from Sharon Wickens, Financial Analyst II, submitting reports as follows:

a) department legend;

Chairman Hirschmann stated we will go over these separately. This one is just for information.

b) open invoice report over 90 days by fund;

c) open invoice report (all invoices for interdepartmental billings only);

d) open invoice report (all invoices due from the School District only); and

e) customer comments report - A/R delinquent exceeding 90 day criteria.

Chairman Hirschmann asked these are all of the +90 receivables right.

Mr. Clougherty answered right. These are the standard reports you get every month except now instead of Jennifer preparing them, Sharon is taking them off the system and preparing them for you.

Chairman Hirschmann asked is this just informational.

Ms. Wickens answered all of these are informational with the exception of the last report. That report was requested by Alderman Levasseur to Jennifer the last time you met. It is the customer comment report. Jennifer pulled that together before she left the department. If it is not something that you want or it is not exactly what you want, let me know and I can fix the report a little bit.

Mr. Clougherty stated again you can look at this and if at the next meeting you want to change the format or have us add something we will be happy to do that. If any of the members get together with us in the interim, we will be happy to work in any comments they have to that report.

Alderman Lopez asked what is the purpose of that report.

Mr. Clougherty answered I think what the Alderman was looking for was a more detailed explanation of what was happening in the status of some of these. Rather than just the dollars that you have in some of the other line items, this gives you some of the back up.

Ms. Wickens stated and also to see that every item that is over 90 days does have some sort of explanation. You would definitely catch it this way.

Mr. Clougherty stated if you don't like this report we can just drop it or we can modify this one or any of these reports.

Alderman Levasseur asked why don't you just break it down for us and tell us exactly what it means. I think I figured it out but if you go to the top of 7E it says Owens Marine and the City Clerk sent it to collections on 3/13/01 so you can figure out obviously how long it has been since you have done some work and what your procedures were.

Ms. Wickens answered right and if you followed the line across you can see all of the information regarding that. In this particular case there is only one item there but if it was something we were working on you would have as much information as was actually put into the system and what everybody here when they go into the system sees.

Alderman Levasseur stated a perfect example is if you go down to Department 10 where it says AGF Direct Gas Sales, they did go bankrupt and there is no way we are going to be able to collect that money but at least we have an explanation as to what happened. That way you can say to yourselves we don't have to keep going through this and having these on the list forever because sometimes nobody wants to take them off. If the company is bankrupt and it has been discharged, there is no reason for that to be on here anymore and we can move it to the write-off list. I think this is a very good report.

Alderman Thibault stated I guess it goes back to the question I asked a few minutes ago. Why don't we have these people pay the fees in advance? If we did that, this sheet would dwindle to nothing very quickly.

Chairman Hirschmann replied it is going to.

Alderman Thibault asked is this included in the new proposal that we have.

Deputy Solicitor Arnold answered the policy that was done was for the Police Department and the major portion of the Police Department is the extra details of which some of these are. That policy does not deal, for instance, with the Fire Department and fire alarm permit fees. For instance the Fire Department has a false alarm fee and obviously you can't pay that up front. There are some fees that would not be covered by that policy that are on this list.

Alderman Thibault stated I think my intent and hopefully the rest of the Committee is in agreement with this, is I would like to close this down as much as possible so that we only have the ones that we can control. Now we have no control on anything. That is the problem. Maybe if we could tighten that ordinance up a little bit to make sure that everything that can be paid up front gets paid before they get the okay and the rest of it we will live with.

Deputy Solicitor Arnold replied I think that if you want to take that direction you should probably send a letter or a directive to the individual departments who collect these fees. That would be a better place to start.

Alderman Thibault asked can we get the City Clerk to do that. Could you advise all City departments?

Clerk Bernier answered we have done that with the business license where we will contact other departments to see if there is a balance so they couldn't get their license from us if they weren't paid up. We will send a letter out.

Alderman Pinard asked regarding Owen's Marine, what do they owe us.

Chairman Hirschmann answered it is probably a false alarm fee.

Mr. Clougherty stated it could be but it could also relate to the boat tax that they were collecting for the state and our share and now that they are out of business...

Alderman Lopez stated under 7E, the one that sticks out to me is Frederick Keefe, customer disputing bill from 1998. I thought that after two years we couldn't collect the money. Why wouldn't we just write that off? Do we expect to get any money?

Ms. Wickens replied I can check that out.

Alderman Lopez responded okay. I didn't mean to put you on the spot, it just jumped out at me.

Chairman Hirschmann stated I am looking at 7D and that is all of the School stuff and it adds up to \$2.7 million of plus 90 day accounts. I hope they are not telling us that they have a fund balance over there when they owe us this money.

Mr. Clougherty replied I agree.

Chairman Hirschmann asked is your department meeting with somebody.

Mr. Clougherty answered yes. We are meeting with them tomorrow to work through, as you know, all of these items.

Chairman Hirschmann asked and is this going to be addressed.

Mr. Clougherty replied yes.

Alderman Levasseur moved to send Item 7D to the full Board. Alderman Pinard duly seconded the motion.

Alderman Lopez stated there is a committee addressing this and Kevin is right. There are four Aldermen and four School Board members on that Committee.

Chairman Hirschmann stated this is just information that we are going to send to the full Board so we are not the only ones apprised of this.

Alderman Lopez stated that is what they are negotiating.

Chairman Hirschmann replied but some of the other Aldermen have the dark cloud over them and they don't know about this.

Chairman Hirschmann called for a vote on the motion. There being none opposed, the motion carried.

Alderman Lopez asked could you put a fourth column on the report that gives the total again. You have McQuades and you say Department 30 so I guess you go to a different page to look at Department 30 for a comment that the customer disputes the bill. Could you just put the dollar amount next to it so we don't have to go back and forth and look at the charts. I like the explanation and I like the time and I just want the dollar amount so that I can look at one chart instead of going back and forth.

On motion of Alderman Levasseur, duly seconded by Alderman Pinard, it was voted to accept Items a through e.

NEW BUSINESS

Communication from Human Resources regarding a transfer of funds between Human Resources line items.

Mr. Tawney stated in the last year the Board has written off a number of accounts receivables. One was to Water Works for \$7,000+ and we also had a couple of others that were to pay for Yarger Decker that had previously been billed unbeknownst to Human Resources by the Highway Department for those amounts. It came out to around \$28,000. I am requesting that we be allowed to transfer funds from existing accounts in Human Resources for FY01 to make up for those funds.

Chairman Hirschmann stated it says \$45,400.

Mr. Tawney replied it depends on what we do with the \$7,377.09.

Chairman Hirschmann asked do you want to consider that another issue.

Mr. Tawney answered we could. If CIP...my understanding is they don't have the funds to pay for that anymore.

Chairman Hirschmann stated just to provide insight to the Committee, three to four months back in this Committee Howard's department, HR, was billing Water Works a chargeback and it was moved out of this Committee to the full Board. We did not want to charge Water Works because they made a presentation to us

that if HR is going to start charging Water Works then Water Works was going to start sending water bills to all of our parks and this was going to turn into a non-productive chargeback event so we wrote off \$28,000. Now Howard is asking us to cover that somehow?

Mr. Tawney replied I am just asking that you allow me to cover it with the existing HR funds that are in my long-term disability account that due to the time it took to contract for those services and the amount, I have money there and I would like to use that to offset these costs.

Alderman Lopez stated I am looking at a note here that says it is not customary to take money out of the disability insurance account. It is a note from Kevin Clougherty to Robin. Can you explain that? We want to take money out of there but it is not the policy.

Mr. Clougherty replied the transfer came up to me and I didn't do it because we don't have the authority to move from a City wide account, which this is, even though it is in his appropriation, to move that to allow him to cover over expenditures in line items that he controls. The City Solicitor ruled that the Mayor does have the authority to deal with those in a transfer situation. The Mayor authorized that and the transfer has been done and it is reflected in the financial statements that I gave you tonight.

Chairman Hirschmann stated so this has already been done.

Mr. Clougherty replied right it was done on June 28.

Mr. Tawney asked it has.

Mr. Clougherty answered yes, the Mayor signed it.

Chairman Hirschmann asked that is for the \$28,000, not the \$45,400 right.

Mr. Clougherty answered correct.

Alderman Lopez stated we chastise the School Department for going over budget. I understand the Water Works situation and how we wrote that off but if we use this disability fund for a catch all, what is the sense of having it. It just doesn't make sense that we are going to take money out of there and not have anything left over in the end if you follow what I am saying. I know it is done. I don't know. If Tom Clark ruled then I will have to accept it but as an Alderman I don't accept that we hold high standards for all department heads to make sure that these things are done and done properly. It is done and the City Solicitor said he could do it,

but we need more clarification before other department heads start doing the same thing.

Mr. Clougherty replied that is exactly why I wouldn't sign it.

Chairman Hirschmann stated if, in fact, this has already been acted on by the Mayor what I will ask the Committee to do is treat it as informational and receive and file that item because the Mayor has already disposed of it with the Solicitor's permission.

Alderman Lopez moved to receive and file. Alderman Thibault duly seconded the motion.

Alderman Levasseur stated first of all the amount he is asking for is \$45,400 and if you add up the \$28,000 and the \$7,377, it is \$35,000 so he is asking for an additional \$10,000 here.

Chairman Hirschmann asked we are just discussing the \$28,000 right now.

Alderman Levasseur asked so we have written off the \$28,000 but he is asking for the \$7,000 in the same memo. It is still two numbers maybe separate but they still mean the same thing and I agree that it is setting a bad precedent so I won't vote to receive and file. I am going to vote against this whether the Mayor voted for it or not. I want to send a strong message to the Mayor that he needs to be a little bit tougher with these departments then just saying yes we are going to approve it.

Chairman Hirschmann called for a vote on the motion. The motion carried with Alderman Levasseur being duly recorded in opposition.

Chairman Hirschmann stated now we are going to discuss the \$7,377.09 write-off. What is that?

Mr. Tawney replied that is what we just talked about.

Mr. Clougherty stated that is what you are going to talk about at the next meeting when CIP comes in.

Chairman Hirschmann replied we are definitely not going to write that off because we want an explanation from CIP.

Alderman Thibault moved to table this item. Alderman Pinard duly seconded the motion.

Alderman Levasseur asked, Mr. Clougherty, I don't know what the length of service or time you have compared to the City Solicitor's Office but in your estimation you said that you can't do what he has done but you have a different opinion from the City Solicitor. Whose opinion matters when it comes to money? Is the appropriation of the money and the actual expenditure of the money two different priorities in the City and do they come under two different department heads?

Mr. Clougherty answered no. In terms of the Charter it says that the Mayor has the authority to make those transfers. At the end of the year you adopted an action that allows me to do certain year end closings. This would exceed, in my opinion, my authority in that area and I would not sign that so the ruling from the Solicitor was that the Mayor does have that authority. I agree with what you gentlemen have said. I don't think it is appropriate so I didn't approve it.

Alderman Levasseur asked does it come down to an interpretation of language or is it actually something that is in the Charter.

Mr. Clougherty answered my understanding is that the Mayor has this authority and if he has this authority and he exercises it then I am going to honor it because that is what the Solicitor has ruled.

Alderman Levasseur asked has this happened before.

Mr. Clougherty answered I have never approved moving the dollars from that account. It hasn't been done to my knowledge.

Alderman Levasseur asked so other times when it has been requested and you didn't approve it, what was the ruling then.

Mr. Clougherty answered in other times the Mayor would not do those transfers.

Alderman Levasseur stated the other Mayor obviously didn't go running to the City Solicitor for an opinion.

Alderman Lopez stated point of order. We have tabled this item. We shouldn't be discussing it.

Alderman Levasseur stated you didn't take a vote on the motion to table yet.

Chairman Hirschmann asked the Clerk.

Clerk Bernier answered you didn't take a vote on the motion yet.

Alderman Lopez stated with all due respect can we take a vote on the motion to table please so we can continue going forward.

Alderman Levasseur asked why would you have a problem with me asking about precedent. Do you want me to wait until the full Board meeting?

Alderman Lopez answered we had a conversation about 10 minutes ago on the \$7,000, which was very well explained. We didn't take any action on it. We pulled it off of the report that was accepted and we are getting back into a discussion on something that was already voted on.

Alderman Levasseur stated I am asking a different line of questioning I think.

Mr. Clougherty replied right.

Alderman Levasseur stated my line of questioning is simple. Basically, give me some history on how this came about.

Mr. Clougherty replied this has never happened in my recollection. This is a unique situation.

Alderman Levasseur asked could you point me to where the language is in the Charter that allows the Mayor to appropriate this money so I can read it for myself.

Mr. Clougherty asked can I defer to Deputy Solicitor Arnold. I don't have the Charter with me.

Deputy Solicitor Arnold stated Section 6.05 (C).

Alderman Levasseur asked could you read that for me.

Deputy Solicitor Arnold stated it says, "The Mayor may authorize a department head to transfer part or all of any unencumbered appropriation balances among programs within a department or organizational unit and shall report such transfers to the Board in writing prior to its next meeting. This provision shall not apply to intra-department transfers in the School District budget."

Alderman Levasseur asked do you have a problem with that language, Mr. Clougherty.

Mr. Clougherty answered I will accept what the Solicitor tells me. It is their job to interpret the statutes and I will follow what he says.

Alderman Levasseur asked but you still wouldn't sign off on it.

Mr. Clougherty answered no.

Alderman Levasseur asked and you wouldn't sign off on it not because of the language in the Charter but you must have some sort of legal reason for not doing so otherwise you must follow the legal advice.

Mr. Clougherty answered because I thought it was a bad precedent and we hadn't done it before so I wasn't comfortable doing it.

Alderman Levasseur asked are you able to not sign off on it even though the language in the Charter is clear. I guess it is clear. I don't think it is clear myself but...

Mr. Clougherty interjected I think this is unique so I would have at least come back to this Committee or somebody else. This is the first time we have encountered this. I don't believe I have the authority...when you give me that resolution at the end of the year there is an element of trust that you put in my hands that I am not going to be doing things that the Board won't approve and I take that seriously and this is something I have never done and I wouldn't feel comfortable doing it.

Alderman Levasseur stated I see there is a letter from Robin. Is she the one that used to come in front of us all the time?

Mr. Clougherty replied yes. She has the night off tonight. She is in our office and she works with Kevin and reviews the bills to make sure that everything holds up against the Charter.

Chairman Hirschmann called for a vote on the motion to table the transfer of the \$7,377.09. There being none opposed, the motion carried.

Chairman Hirschmann stated, Howard, the third paragraph of your memo needs explanation. We got through the first paragraph and now in the third paragraph the number is \$45,400 and that does not correlate with the top two numbers. What is going on?

Mr. Tawney replied I had originally requested \$38,000 and then with the additional money of \$7,377.09 and finding out that that was going to be added to

the number, that comes out to the \$45,400. That is where I came up with that number. Since that is tabled and the other has been transferred, it is unnecessary.

Chairman Hirschmann stated I am still confused. It is not a lot of money, but I am confused. Your subcontractor, Mercer, charged you more money. Is that what is happening?

Mr. Tawney replied I did have some other bills on Mercer, yes.

Chairman Hirschmann asked so that is what you are asking for.

Mr. Tawney answered yes.

Chairman Hirschmann stated I am the Chairman of the Committee and I don't understand it. It is not because I am stupid; it is because it is in a format that none of us can understand.

Alderman Lopez asked did I read this right. Did you make a mistake somewhere along the line when you said right off \$28,000 you actually meant \$38,000.

Mr. Tawney answered no.

Alderman Lopez replied then I am confused like the Chairman. The sheet I have here says \$38,000 and the cover letter says \$28,000. That is where the confusion is.

Mr. Tawney responded I was looking to transfer \$38,000 in my first request to Kevin and that was to cover the write-offs and to cover additional costs for Mercer.

Alderman Lopez asked, Kevin, if this letter tells me \$28,000 and then in the back up it says \$38,000 that is where I am confused.

Mr. Clougherty answered he was trying to do two things. He was trying to take care of the write-offs plus additional spending in his operational budget that he went over in the form of Mercer and another item. What he is asking you to do in this paragraph, if you follow what the Solicitor has ruled, you don't have the authority to do anyway. He is asking you to do the line item transfers and to give him the authorization to target things.

Chairman Hirschmann replied it is a good thing that we don't have the authority because I would say no anyway.

Mr. Clougherty responded what I am saying is what he is asking you to do you can't do anyway and it would have to go back to the Solicitor for a ruling and I wouldn't sign that one and it would go back to the Mayor.

Alderman Levasseur stated I am reading the Charter and it says that "any time during the fiscal year the Board of Mayor and Aldermen may, by resolution." It says the Mayor may authorize a department but it says, "any time during the fiscal year the Board of Mayor and Aldermen may, by resolution, transfer part or all of the unencumbered appropriation balance from one department or major organization unit to the appropriation to other departments or major organization units." I still believe that it is not something that can be done strictly by the Mayor. It doesn't specifically give the power to the Mayor. It says the Board of Mayor and Aldermen.

On motion of Alderman Lopez, duly seconded by Alderman Pinard, it was voted to receive and file this item.

Alderman Levasseur stated it is going to go into the garbage can if we receive and file.

Chairman Hirschmann replied he overspent his budget.

Alderman Levasseur responded can we at least...

Chairman Hirschmann interjected it doesn't have to go anywhere. It is going to show up that he overspent by whatever amount.

Alderman Levasseur asked could we send this to the full Board for discussion.

Chairman Hirschmann answered no it is not worth it.

Alderman Lopez stated we have already given the Finance Officer the authority to make the end of the year balance. It is up to him and the Mayor and the Solicitor to do that. I agree that we shouldn't be handling this. If they have to come before the full Board and do something, fine.

Alderman Levasseur moved to refer this item to the full Board. Alderman Thibault duly seconded the motion. Chairman Hirschmann called for a vote. There being none opposed, the motion carried.

Chairman Hirschmann stated William Mercer...I am sick of consultants and that is why I am so angry. I am sick of them okay. Find somebody in your department

who can handle whatever it is they are doing because I don't like getting bills at the end of the year for money that you have to go scrambling for.

Status update from the Board of Assessors

Mr. Tellier stated this is our quarterly report. Regretfully, several of the numbers on this sheet are outdated as fast as they are printed because of the revaluation. Tax base summary. We are in the midst of finalizing values for the hearings. The overlay summary – we did put in an additional \$1.5 million this year. On Page 2 you will notice that it is up to \$2.3 million in anticipation of the new valuation numbers. That was budgeted. The third page shows a significant decline in appeals. However, we expect that to increase as a result of the revaluation. It is a quarterly report and should anybody have any questions, we will be happy to answer or get back to them if I don't have an answer.

On motion of Alderman Lopez, duly seconded by Alderman Thibault, it was voted to receive and file this item.

TABLED ITEM

8. Revenue Policy & Collections Ordinance
(Tabled 10/24/00 - Airport and Library responses enclosed herein.)

On motion of Alderman Lopez, duly seconded by Alderman Thibault, it was voted to remove this item from the table.

Chairman Hirschmann stated this is in regard to a revenue policy.

Alderman Levasseur asked did we ever get everybody's response, Kevin, so that we could go forward with this and have all of the department heads been notified.

Ms. Shaffer answered we have actually gotten quite a few responses from most of the departments. What we have tried to do with the help of Tom Arnold is incorporate a lot of those exceptions into the text of the policy so that whatever exceptions there are would be included there.

Mr. Clougherty stated because it is year-end we haven't been able to get it back to you to look at.

Alderman Levasseur moved to table this item.

Mr. Clougherty stated I think what the Airport Director would like is to be exempt from certain sections in there and he would like to explain why. We have some

from other departments that we are trying to work in to the extent that we agree with them. If we disagree with them, we will come back to you and tell you we disagree but some of the comments are very good.

Alderman Lopez stated just so we can clear this up since we have it off the table, under Section VIII the Airport Director has been here so many times and has so many letters that I would ask this Committee to use the authority under this paragraph to exempt the Airport unless the Finance Officer can tell us why we shouldn't. It is unfair for the Airport Director to keep coming to every meeting and not get an answer since he is the only one who has really complied with the reasons why he should be exempt.

Mr. Clougherty replied I understand that Kevin Dillon has some unique situations out at the Airport and that some of the policies that we have for the general fund departments may not apply to him. If the Board wanted to do some type of an exemption then I am not opposed to that with the understanding that we will still report those items to you so you still get the disclosure and see the numbers. As far as the actions that would be taken in terms of taking them to collection agencies and all of those things, it might somehow cause him a problem with the airlines and put him in a delicate situation and I can understand that. We would still disclose the information to you about what the outstandings are if you want that.

Alderman Lopez asked, Mr. Dillon, do you agree with everything that Kevin said.

Mr. Dillon answered I think I agree with what Kevin just said. I want to make it clear though that the Airport is asking for this exemption not because we are trying to hide what it is that we are doing out at the Airport and certainly all of the information is available to you. We publish our rates and charges. We are subject to audit. I report to this Committee. I report to the Airport Authority. I report to the Town of Londonderry. Certainly, everything we are doing at the Airport is an open book. The reason I have a problem with this policy is a number of the rates and charges in the financial model of the Airport are pretty well dictated by airline lease agreements and federal aviation rules and regulations. Also, the Airport is an Enterprise fund and I think this is something that needs to be considered for every Enterprise fund. I need to run the Airport as a business, quite frankly, and I have to live and die by the revenues and expenses that are incurred out at the Airport. There is no one that is a better judge as to what the financial model of the Airport should be then the Aviation Department. I guess the part that I particularly objected to is that I don't feel it appropriate for another department to start dictating how the Aviation Department should be conducting its business.

Chairman Hirschmann replied that is a misnomer. It is not a department. It is the Board of Aldermen.

Mr. Dillon responded I don't know what you are referring to.

Chairman Hirschmann stated this policy was drafted by the Board of Aldermen. This isn't a department telling you what to do.

Mr. Dillon replied I am responding to what the policy states and that is that the Finance Department would interjected itself into the rate setting methodology of the Airport and I feel that is inappropriate. I also have some significant problems in terms of the collection process.

Chairman Hirschmann asked so you are objecting to the whole policy. You want to be exempt from the whole policy?

Mr. Dillon answered that is correct.

Chairman Hirschmann asked there is nothing on here that you agree with.

Alderman Lopez stated I think that is what Kevin Clougherty was saying to. Everything is going to be monitored. I don't think Kevin Clougherty has a problem with it from what I understood.

Chairman Hirschmann stated maybe it would be appropriate that you draft a policy and send it to us for approval that you agree with so there is a policy in place and we know what you are following.

Mr. Dillon replied I am not too sure what it is that you are actually trying to accomplish with this revenue policy quite frankly as you read it. If it was a policy to detail the mechanics of handling revenues, I would understand why that would apply to every department. As I read this policy, what this policy is trying to do is state that someone else is going to start dictating how the Airport is going to conduct business. I guess what I see here is not a policy.

Chairman Hirschmann asked do you have policies in place if you are not getting paid. Do you send out second notices? Do you do any of these things?

Mr. Dillon answered yes we do.

Chairman Hirschmann asked so you agree that you are already doing some of this.

Mr. Dillon answered yes, absolutely, but quite frankly when the policy says in 90 days that something is mandatory to be sent to collection, I disagree with that. I think the Airport is the best judge as to the status of its individual accounts and what accounts really need collection action. A third party that is not interacting with these accounts on a daily basis such as the Airport I don't think is in a position to make that decision.

Chairman Hirschmann replied I agree that you manage and run the Airport but you aren't a fully autonomous entity and you do have to have some City liaison. You take the advantage of our Solicitor and you may not want the Finance Department in your business but they are certainly there and helping you. I am not saying...it sounds like a turf battle to me.

Mr. Dillon stated I don't think it is a turf battle. I think I am trying to be very clear as to what I am saying here and if you have construed that the Airport is saying it wants to be an independent entity, that is not what I am saying at all. As I began the remarks here tonight, we are subject to audit. The Finance Department can come in and audit anything I do at any time. Really what I am trying to say is I don't see how the Finance Department is in a position to review my rates and charges every three years and make determinations whether or not they are appropriate.

Chairman Hirschmann stated say I am a poor taxpayer from the west side of Manchester and you have a contract with X,Y, Z Freightlines and he is your good buddy and he hasn't paid in 120 days and you are going to let him slide. Where is the policy to keep you honest?

Mr. Dillon replied certainly the Finance Department has access to all of the information we have and at any time can bring to the Board of Mayor and Aldermen...

Chairman Hirschmann interjected but all we are talking about is honest and ethical government in creating policy to make sure that checks and balances occur. If you have a policy that you want to bring to us to say this is the Airport policy, bring it.

Alderman Pinard stated we have a committee in place now that meets with Kevin Dillon every three months.

Chairman Hirschmann replied right to talk about Airport noise and all of that.

Alderman Pinard stated I would like to make a motion...

Chairman Hirschmann interjected I am not going to accept a motion right now

Mr. Dillon stated I am not really following the concern in that this information gets reported. We report it to the Finance Department, the status of our accounts. There is nothing that is done independently. What we are talking about is making the decision about referring an account to collection and when that is appropriate to happen. Quite frankly there are some complexities that are involved in PFC collections and it would be routine sometimes for somebody to go 120 days or 180 days and be behind in those payments. What I am trying to say is quite frankly all of these accounts and I would imagine there are other issues in other Enterprise funds and a one size fits all just doesn't apply to managing a business like the Airport.

Chairman Hirschmann replied I agree with that statement. Kevin, can you help us here?

Mr. Clougherty responded I think we are kind of all saying the same thing. Our reports will still have the Airport on there showing their 90 days. You will get all of that information and like Kevin said you can question any of those at any time. You will get all of the detail. As far as the revenue policy and dealing with the other departments, one of the things that the Board has asked us to do is cost accounting and going in and finding out when a fee is set and make sure that we are capturing all of the costs. A lot of your general fund departments don't have the expertise that the Airport has to do that. When we do the indentures and the bonds, we have an independent consultant come in and look at those rates and charges and that is a much different situation than you have with all of these other agencies. In terms of exempting them from automatically having to go to the collection agency as some of these other items are, I think there is some merit to what he is saying there. He is in a different situation but that doesn't exempt him from the reports. You are still going to get all of that information and you can question it at any time. Certainly when we write our policy we have to write it to try and fit all of the departments and his argument regarding his situation is probably true. We have not necessarily heard that from the other Enterprises, but I understand from the Airport Director that that is different and they do have...I know that Theresa and the people down there do have their own policies and certainly if you want us to take those and incorporate them into the policy that we have here, we can do that too.

Alderman Thibault stated if I understand what you are saying, Kevin, because of the complexity of what you are doing with the airlines, sometimes you end up with 180 days or 210 days or whatever and that is what you are looking for. You are looking to have that extension available to you and you keep track of it and give the Finance Department track of it so we are still in agreement other than the fact

that you probably have to go a little longer than what we normally would have wanted to set as a policy. Is that what I am hearing?

Mr. Dillon replied in certain cases. What we are asking for is the flexibility to make judgements as to what is appropriate for the Airport customers. I don't want to just get it focused on collections. For example, another issue I have with the policy is and rightfully so I think the Finance Department is looking at there should be a direct cost recovery for the cost of providing services. Well that may apply to the Highway Department in terms of trash collection where they can actually calculate it cost me X amount and this is what I have to chargeback in terms of trash collection but at the Airport for example we charge more for parking than it costs us to actually operate the parking garage and we have to do that to balance some of the other loss leaders that we have at the Airport. If I tried to follow this revenue policy verbatim, it would kind of throw our entire rates and charges structure into chaos down at the Airport. To further complicate that, there are certain limits that I have on rates and charges that are imposed by the Federal Aviation Administration because we take grants from them, again, which would put us in conflict with this revenue policy. Again, I need to stress this is not a request for the Airport to be off on its own. As I said we will gladly report to anyone we need to report to and provide any information we need to provide. What I am asking for simply is the flexibility to make business decisions out at the Airport and not be locked into a one size fits all.

Chairman Hirschmann asked, Kevin, should we retitle this revenue policy for City departments or non-Enterprise City departments.

Mr. Clougherty answered not at this time because we haven't heard from a lot of the other Enterprises that there are a lot of things that they would want changed.

Ms. Shaffer stated Water Works would fall under a slightly different jurisdiction also because of the way they bill for utilities and the fact that they are able to disconnect water for those people who are delinquent. Basically, most of their delinquent bills, as well as EPD's are not included here because EPD also sends their delinquent warrants to the Tax Collector for collection. When you talk about the Enterprise funds, they are a little bit different than the regular general fund departments that are collecting the normal types of revenues.

Mr. Clougherty stated plus their rates and charges are set by the PUC in some respects so they have a different level of oversight than some other departments have. We still would like to see the revenue policy and maybe make those changes in their for them and make that clearer.

Alderman Levasseur stated I don't remember who did our little report but you gave us a nice report today and it told us how long it had been since the person paid and each one had an explanation next to it. I think as a group here we said okay well it was sent to collections on such and such a day and they disputed the fact that they owed the money. I don't understand why we can't continue along the way we are with having a revenue policy in effect for all of the departments and the Enterprises but the Enterprises themselves could just say listen we don't collect on 90 days and this is the reason why and they can just put a little notation next to each thing and again it keeps the honesty and integrity and Kevin it is not like you are always going to be the...well hopefully you stay for 25 years but we are not looking at individual people and we are not looking at these policies to affect individual departments or people. I like the idea of a format and I like the idea of a report coming back to us, even from the Enterprises. Now I understand that you have your own policy and that is fine but I don't see a reason why we couldn't merge the two reports together. I don't think anybody thinks that we are idiots and can't figure out the difference between...hey you guys have different types of billing things than we do. You might say there is 120 days on here with a notation that it is a normal procedure and Kevin Dillon can put his initials on there. Those are the kinds of things that we are looking at as a general thing for everybody. Nobody is trying to force you guys to fall within lines. All we are trying to do is create some lines to at least be within some. I kind of want to still go with the same kind of policy we have. I want to hear from all of the Enterprises and the different departments. I am not here to bang on anybody's head and I sure as heck think that you are doing a good job, Kevin, but I also would like to say hey there are certain days that are 180 days. Listen, I have customers who don't pay me for months or whatever but again those are my customers. I know who they are and they know who I am. I don't pay my electric bill on the 30th day either. Sometimes I pay it on the 45th day but that doesn't mean I am a bad debt guy. Sometimes I just take a little longer to pay my bills because I am busy doing other things but I think the explanation mode that we are in right now, Kevin, with the say that you set up that chart today gives each of us a chance to see these explanations and they are just little notes that let us know what is happening. I would rather we keep going in the same direction we are going. I would like to see the policy distributed as equitably as we can. We are never going to be exact on each department and we are not going to be exact when it comes to the Enterprises but at least let us as this Committee see what is going on so at least we know what is going on and we can see what is happening. We can look for trends in these things also.

Mr. Clougherty stated on this item too we drafted the policy and got it out to you and then we ran into the budget and the year end closing and to be honest it has been sitting there tabled but with the time and resources in our department we had other things that had to get done. What we were trying to do is work with the

Solicitor to get some of the general fund people taken care of. For the next meeting, Kevin Dillon and I will sit down and write up some language that would include a lot of what you are saying. It would still give you the reporting but it would give him the flexibility in terms of not having to fall into the cost accounting and some of these other areas. I think we can do that. We just haven't had the time to do that.

Chairman Hirschmann asked, Kevin, do you agree with that.

Mr. Dillon answered that is fine.

On motion of Alderman Lopez, duly seconded by Alderman Pinard, it was voted to table this item.

Alderman Thibault asked can we table the Library portion of that table because the two attorneys that we have on the Board of Trustees, of which I am a liaison to, do need a little more time to absorb what was asked for here and they will come back to us with a final report as to what they want to do.

Chairman Hirschmann stated the whole item is being tabled.

9. Discussion regarding policy on collection of open invoices over ninety (90) days with Deputy City Solicitor Arnold.
(Tabled 05/08/01)

This item remained on the table.

There being no further business, on motion of Alderman Lopez, duly seconded by Alderman Thibault, it was voted to adjourn.

A True Record. Attest.

Clerk of Committee